



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: February 15, 2001

REPLY TO

ATTN OF: 06401-13-FM

SUBJECT: U.S. Department of Agriculture, Commodity Credit Corporation's
Financial Statements for Fiscal Year 2000

TO: Board of Directors
Commodity Credit Corporation

We attempted to conduct the audit of the financial statements of the Commodity Credit Corporation (CCC) as of September 30, 2000, for the fiscal year then ended. CCC advised the Office of Inspector General (OIG), and the Department's Chief Financial Officer, however, that it was not able to provide auditable financial statements for fiscal year (FY) 2000 in a timely manner.

It is important to note that we have been unable to issue an unqualified opinion on CCC's financial statements for 3 consecutive years. Our audit of "Commodity Credit Corporation's Financial Statements for Fiscal Year 1998," Audit Report No. 06401-9-FM, dated February 22, 1999, resulted in a disclaimer of opinion because the CCC was not able to provide sufficient, competent evidential matter to substantiate certain financial statement line items related to its direct and guaranteed credits to foreign countries and related activities within the timeframes established by the Department. Although CCC had reported that it had taken actions to correct the problems noted in our FY 1998 report, we found, however, during our FY 1999 and FY 2000 audits, the problems had not materially improved. In addition, CCC experienced some problems relating to conversion of its domestic program operations to a new accounting system, which also impacted the availability and timeliness of accounting data for its FY 2000 financial statements.

CCC officials provided financial statements for our audit on February 1, 2001. However, the statements were incomplete and in error. As a result, we are unable to express an opinion at this time on the CCC's Balance Sheet as of September 30, 2000, and the related Statements of Net Cost, Changes in Net Position, and Budgetary Resources and Financing for that period.

We plan to address the CCC financial management problems that have impacted the timely and accurate completion of CCC's financial statements in a separate report to departmental and CCC officials.

/s/

ROGER C. VIADERO
Inspector General

January 22, 2001